

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

-against-

**ROBERT J. MUELLER, DEEPROOT FUNDS
LLC (a/k/a dprt Funds, LLC), AND POLICY
SERVICES INC.,**

Defendants,

-and-

**DEEPROOT TECH LLC, DEEPROOT
PINBALL LLC, DEEPROOT STUDIOS LLC,
DEEPROOT SPORTS & ENTERTAINMENT
LLC, DEEPROOT RE 12621 SILICON DR LLC,**

Relief Defendants.

Civil Action No.: 5:21-cv-785-XR

MOTION FOR APPROVAL AND ENTRY OF CONSENT JUDGMENT

Plaintiff Securities and Exchange Commission (“Commission”) moves the Court to approve and enter a consent judgment against Defendants deeproot Funds, LLC, Policy Services, Inc., and Relief Defendants deeproot Tech LLC, deeproot Pinball, LLC, and deeproot Studios, LLC (collectively, “Debtor Defendants”). The Commission and Debtor Defendants, by and through the appointed Chapter 7 Trustee for the Bankruptcy Cases of the Debtor Defendants in the jointly administered case, *In re deeproot Capital Management, LLC*, 21-51523 (Bankr. W.D. Tex. Jointly Admin.) (“Trustee”), have reached a good faith settlement. In support of this motion the Commission states as follows:

1. The SEC filed its Complaint on August 20, 2021. The Complaint alleges the Defendants engaged in conduct that violated the federal securities laws.

2. On December 9, 2021, Debtor Defendants filed voluntary Chapter 7 petitions in the United States Bankruptcy Court for the Western District of Texas (the “Bankruptcy Court”). Bankr. Dkt. No. 1. J. Patrick Lowe was appointed Chapter 7 Trustee in the Bankruptcy Cases of the Debtor Defendants. Bankr. Dkt. No. 19.

3. The Commission and Debtor Defendants have agreed to a full settlement of the claims against them, and to the entry of the Proposed Judgment attached hereto as Exhibit 1. A copy of The Debtor Defendants’ Consent, in which they agree to the entry of the Proposed Judgment, is attached hereto as Exhibit 2.

4. The Proposed Judgment resolves the need to litigate the merits of the Debtor Defendants’ liability and the relief to be imposed against them. To that end, the Proposed Judgment would permanently enjoin the Debtor Defendants from violations of the provisions of the federal securities laws at issue against them in the Complaint. The Proposed Judgment would also order the Debtor Defendants to pay, jointly and severally, disgorgement in the amounts as set forth in the Proposed Judgment—representing net profits gained as a result of the conduct alleged in the Complaint—plus prejudgment interest thereon.

5. On December 6, 2022, the Trustee filed a motion in the Bankruptcy Court under Rule 9019 of the Federal Rules of Bankruptcy Procedure to approve the proposed Consent and Proposed Final Judgment against Debtor Defendants. Bankr. Dkt. No. 212, attached hereto as Exhibit 3.

6. This settlement agreement as reflected in the Consent and Proposed Final Judgment was approved by the Bankruptcy Court on January 3, 2023. Bankr. Dkt. No. 231, attached hereto as Exhibit 4. The January 3, 2023 Order specifically authorized the Commission to “take any and all actions necessary [to] consummate the agreements of the Consent” and

authorized the Commission to file the Consent and Proposed Judgment in this case. *Id.* at 2.

7. For these reasons, entry of the Proposed Judgment will further the interest of justice and promote judicial economy.

Accordingly, the Commission respectfully requests that the Court (i) grant this agreed motion; (ii) enter the Proposed Judgment by consent against the Debtor Defendants; and (iii) award such other and further relief as this Court deems just.

Date: January 12, 2023

Respectfully submitted,

/s/ Kristen M. Warden

Kristen M. Warden

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***Counsel for Plaintiff Securities and
Exchange Commission***

CERTIFICATE OF SERVICE

I certify that on the 12 day of January 2023, a true and correct copy of the foregoing document was filed electronically through the Court's CM/ECF system, which will send copies to all counsel of record.

/s/ Kristen M. Warden

Kristen M. Warden

*Counsel for Plaintiff United States Securities
and Exchange Commission*